

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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| In the Matter of |) | |
| |) | |
| Connect America Fund |) | WC Docket No. 10-90 |
| |) | |
| Amendment of Part 54 of the Commission’s Rules to |) | RM-11853 |
| Update the Provisions of Section 54.315(c) to Conform |) | |
| to Requirements Adopted for the Rural Digital |) | |
| Opportunity Fund |) | |

REPLY COMMENTS OF NOKIA

Nokia submits these Reply Comments in support of the Request for Waiver (“Waiver Request”) of Section 54.315(c)(1) of the Commission’s Rules, submitted by the Connect America Fund Phase II (“CAF II”) Coalition, to permit CAF II recipients to reduce the value of their letters of credit to the value the Commission adopted for the Rural Digital Opportunity Fund (“RDOF”) program.¹ The current rules applicable to CAF II letters of credit disserve the public interest, evidenced in part by the fact that the Commission itself has made a different, more reasonable determination for letters of credit in the upcoming RDOF program. Nokia has seen first-hand the negative impact the current letter of credit requirement has had on CAF II-funded projects moving forward. Further, the Waiver Request has unanimous support in the record.² Therefore, the Commission should grant the Waiver Request without delay to all CAF Phase II recipients to permit expeditious build-out to the communities they serve.

¹ Connect America Fund Phase II Coalition, Request for Waiver, WC Docket No. 10-90 (filed Mar. 10, 2020).

² In the alternative, Nokia supports opening the Notice of Proposed Rulemaking also submitted by the CAF II Coalition to modify the Commission’s rules to reflect the lower bank fees adopted

I. NOKIA'S HERITAGE IN SERVING RURAL COMMUNITIES

Nokia delivers the industry's only end-to-end portfolio of network equipment, software, services and licensing that is available globally. Our customers include communications service providers whose combined networks support 6.1 billion subscriptions, as well as enterprises in the private and public sector that use our network portfolio to increase productivity and enrich lives. A leader in each generation of wireline and wireless communications equipment, we are leading the world to adopt end-to-end 5G networks that are faster, more secure and capable of revolutionizing lives, economies and societies.

Nokia is proud of our heritage partnering with service providers that receive Federal universal service support to improve service to unserved and underserved communities. While our service to the largest carrier networks is well-know, Nokia also has supported wireless and wireline deployments for over 400 regional and rural operators in the U.S., including a key market segment that participated and won support in the CAF II Auction 903 program. Nokia is able to leverage products developed at scale for the larger Tier 1 operators and position the identical hardware and software to regional and rural operators. These operators get the benefit of a robust carrier grade ecosystem with cutting-edge advanced features when we are able to use the same equipment for large, medium and small networks. It is our experience working closely with this market segment, along with our end-to-end portfolio, that uniquely positions Nokia to
Comment in this proceeding.

for RDOF and sought in the CAF II Coalition's Request for Waiver. Connect America Fund Phase II Coalition, Petition for Rulemaking, RM-11853 (filed Mar. 10, 2020).

II. WAIVER OF THE CAF II LETTER OF CREDIT RULES WOULD SERVE THE PUBLIC INTEREST

Nokia is working with multiple carriers on projects funded by CAF II, as well as CAF II's predecessor programs and the upcoming RDOF program. With respect to CAF II in particular, we have received feedback from our customers that the accumulative nature of the letter of credit requirement is financially burdensome as the beneficiary needs to cash collateralize the document in order to start the project. It appears that the beneficiaries need to use proceeds of the CAF II funding itself to collateralize the letter of credit. In short, these onerous requirements result in Federal funds being diverted away from building out broadband to unserved communities to instead support the burdensome CAF II letter of credit requirements.

Nokia has seen firsthand the current letter of credit rules creating significant delays and financial hardships as outlined by the CAF II Coalition. Since the initial CAF II funding public notices were issued in February 2019, Nokia has seen weekly delays in deployment schedules move to monthly delays directly related to the letter of credit requirement. Without a prompt grant of the Waiver Request or similar relief, Nokia believes some recipients may even be forced to default on their current obligations under the weight of these delays.

Expediently granting a waiver of the CAF II rules in favor of the rules governing letter of credit requirements under the RDOF rules, as requested by the CAF II Coalition, would provide sorely needed relief already found to be in the public interest for the newer RDOF program, and would ensure more funding is used to build broadband infrastructure throughout our Nation.

In addition to the substantive merits discussed above, as indicated by the CAF II Coalition in its early submitted Reply Comments in this proceeding, the record unanimously

supports the grant the Waiver Request to permit CAF II recipients to reduce the value of their letters of credit to meet the newly defined obligations as applicable to the RDOF program. No party has opposed grant of the Waiver Request, and Nokia now adds its voice to those supporting the Coalition's sensible request.

III. CONCLUSION

For the foregoing reasons and those stated in the previously filed comments in this proceeding, the Commission should act immediately to grant the Waiver Request of the CAF II Coalition.

Respectfully submitted,

Nokia

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